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Joint Committee on Bonding, Capital Expenditures and State Assets

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# COMMITTEE NEWSLETTER

HIS ISSUE:

| | |
|---|---|
| Message from the Chairmen | 1 |
| Annual Capital Hearings | 1 |
| Profile of Members | 2 |
| Surplus Land Bill | 3 |
| Committee Description | 4 |

*"Happiness is not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort."*
Franklin D. Roosevelt

Special Points of Interest:

- Springfield Convention Center
- Massachusetts School Building Authority

## Annual Capital Hearings

The Joint Committee on Bonding, Capital Expenditures and State Assets conducted its annual Capital Hearings this past May, receiving valuable testimony from state officials on various subjects of interest to members.

Joint Rule 1F requires that the committee conduct annual hearings to review the bonds and notes in the form of general obligation debt, dedicated income tax debt and special obligation debt. The committee also reviews the Commonwealth's liabilities relative to state-supported debt; state-guaranteed debt; and indirect obligations.

- Director **Jane Gumble** of the Department of Housing and Community Development said DHCD's priorities include the development of privately-owned affordable housing, the capital improvement of the aging public housing stock, and the Community Development Action Grant program (CDAG).
- Chancellor **Judith Gill** and Director of Fiscal Policy **Kurt Steinberg** discussed the Board of Higher Education's main concerns: asset preservation, capital needs and renewal applying the "fix it first" approach.
- Secretary of Environmental Affairs **Ellen Roy Herzfelder** (since replaced by Stephen Pritchard) discussed the reduced spending on open space that is reflected in the significant reduction in the amount of land protected. When asked about conditions on state parks, the Secretary responded that there is still an $800 million backlog of deferred maintenance needs. She also mentioned a major project, under the management of DCR, the repair and renovation of the Longfellow Bridge.

## MESSAGE FROM THE CHAIRMEN

### *Sen. Mark Montigny and Rep. David L. Flynn*

This fiscal year marks the committee's new status as the joint committee on bonding, capital expenditures and state assets. Prior to this change, the House and Senate each had separate committees on Long Term Debt and Capital Expenditures. Senator Mark Montigny was Chairman for the Senate side and Representative David L. Flynn served as Vice-Chair for the House Long-Term Debt committee.

The committee's mission is to review all legislation providing for the giving, loaning or pledging of the credit of the Commonwealth. The committee also is responsible for evaluating such legislation and determining the appropriateness of enacting legislation containing increased bond authorizations for the Commonwealth. As part of its new mission, the committee now deals with bills concerning the disposition of state land.

The committee also is responsible for reviewing and holding public hearings on the status of the bonds and notes of the Commonwealth.

The committee plays a vital role in determining how much debt may be assumed by the Commonwealth during the upcoming fiscal year by conducting the annual capital hearings. From the capital hearings, members gained valuable information about current and future capital projects from various state agencies.

The committee is looking forward to its new role in the Legislature and is committed to its mission to secure a fiscally sound future for our Commonwealth.

# MEMBER PROFILES:

## Senator Brian A. Joyce, Vice Chair

Senator Brian A. Joyce is serving his fifth term in the Senate, representing the Norfolk, Bristol and Plymouth district.

Senator Joyce has a well-deserved reputation for working hard on behalf of the communities he represents and the people he serves.

A 1984 graduate of the Boston College School of Management and a Magna Cum Laude graduate of Suffolk University Law School where he was an editor of Law Review, Senator Joyce is a practicing attorney who has taught at both the graduate and undergraduate levels. The senator is the recipient of numerous awards for his leadership on senior issues, public safety initiatives and education. He was also one of only 38 Americans selected for a prestigious 2002 Marshall Fellowship. He and his wife Mary have five children between the ages of 8 and 17-years-old.

## Senator Michael R. Knapik

Michael R. Knapik (R-Westfield) is currently serving his sixth term as the State Senator from the Second Hampden & Hampshire District.

Knapik presently serves as the Ranking Member of the Senate Committee on Ways & Means. In this position, Knapik is part of the prestigious House-Senate Conference Committee charged with reconciling the Annual State Budget and other spending plans. In addition, Knapik also serves on the Legislature's Joint Committees on Revenue, Bonding, Capital Expenditures & State Assets, and Municipalities & Regional Government. Prior to his election to the State Senate, Knapik served in the House of Representatives from 1991-1995.

During his time in the Legislature, Knapik has maintained priorities targeting the enhancement of local aid to cities and towns, public safety, education, economic development, and issues concerning the elderly.

## Representative Benjamin Swan, Vice-Chair

Following an eclectic occupational experience in both the public and private sectors, which took him to the four-corners of the United States, in 1994 Ben Swan was elected State Representative in the 11th Hampden District (D-Springfield), an office which he still holds.

Prior to serving as vice-chair of the Committee of Bonding, Expenditures and State Assets he served on the following Committees: vice-chair of Steering, Policy and Scheduling; vice-chair of Public Safety; Ways and Means; State Administrations; Taxation; and Transportation.

Rep. Swan is proud to include among his legislative priorities such issues as youth development, economic development, housing, health-care, senior-care, education, police-community relations and corrections.

## Representative Susan Pope

Representative Susan W. Pope is currently serving her fifth term as a State Representative for the 13th Middlesex District. The Representative sits on three permanent committees: Bonding, Capital Expenditure, and State Assets (where she is the Ranking Republican), Municipalities and Regional Government, and Ethics. Additionally, Representative Pope is active in several subcommittees including the MetroWest Legislator's Caucus, the Woman's Legislative Caucus, and the Commission on the Annual Municipal Census.

Representative Pope's priority issues include special education funding, affordable healthcare, senior tax relief, small business and ensuring greater control at the local level. Representative Pope is actively involved in efforts to stop domestic violence and create better resources for abuse victims. She has been a long-time supporter and initiator of environmental preservation efforts, like the Community Preservation Act.

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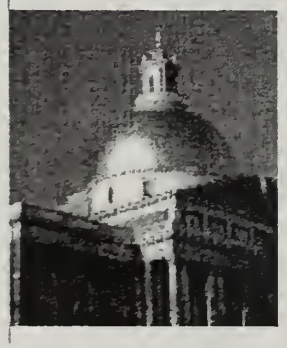
- **Robert C. Maier**, Director of the Board of Library Commissioners, discussed the public library construction grant program, which assists municipalities with projects to construct or renovate public library facilities. The Board expects to have the same cap of $16.3 million for the next several fiscal years.

- **Jack Wilson**, President of the University of Massachusetts, stated the importance of basic infrastructure and new building capacity. The university presented a $600 million capital request to the administration. The UMass five year capital plan anticipates state general obligation bond funding of $593 million, or 33% of the total plan.



- Chief Justice for Administration and Management, **Robert Mulligan,** stressed that renovation and construction of the state's court buildings remains a priority. The John Adams Courthouse recently opened and the construction of the Worcester court facility commenced; the latter is the largest courthouse construction project yet undertaken in the state.

- **Victoria Phillips**, Chief Strategic Officer, and **Lou Angeloni**, Chief Financial Officer, testified on behalf of the Information Technology Division. ITD will continue work on the new MMARS and Virtual Gateway projects in fiscal year 2006. ITD has been actively moving the second data project forward over the past year.

- President of the Massachusetts Taxpayers Foundation, **Michael Widmer**, was concerned about deteriorating infrastructure in the state. He stated that any increase in the bond cap should be tied to inflation and income growth but that the state also would need to account for a possible recession.

The Committee has prepared a report summarizing the hearing proceedings and also other activities of the committee during the past year. The report includes a list of bills considered by the committee, as well as a summary of the Commonwealth's fiscal outlook and capital spending obligations.

## Surplus Land Legislation

**H.4491,** *An Act relative to the development of underused state owned real property and the disposition of state owned surplus real property,* would amend Chapter 7 of the General Laws. Chapter 7 has been back in effect since Section 548 of Chapter 26 of the Acts of 2004 expired on June 30, 2005.

H.4491 changes several aspects of prior legislation, including the establishment of a state surplus land coordinating committee (SSLCC), consisting of 11 members. The SSLCC would have final say in determining whether land is surplus. After the Commissioner declares land to be surplus based upon the SSLCC's determination, he must notify host municipalities to ensure local communities are informed.

There is a formal detailed process the surplus land committee must undergo upon receiving the Commissioner's recommendation. H.4491 specifies the allocation of all net cash proceeds realized by the Commonwealth from conveyance, lease, or other transfer of real property to the agency or from the sale of surplus real property.

Numerous concerns about this bill arose from various individuals and parties. Among the objections was why a state agency, Mass Development, would have the right of first refusal to buy state land instead of the host town or city. There was also debate as to why Mass Development receives 270 days to buy state land but a town or city only gets 180 days.

After taking these objections into consideration, a new draft of the bill was produced. The bill now gives the Legislature the power to determine what is done with surplus land. All land bills will be brought before the joint committee on bonding, capital expenditures and state assets. In order to help local towns and cities, the bill gives host municipalities the right of first refusal before Mass Development, even though the review period is simultaneous. There is a requirement that, if any property formerly occupied by DMH or DMR is developed for housing, 15% of the housing developed be for their former clients.

The Senate also is developing its own version of a surplus land bill.

## Massachusetts School Building Authority Update

The Massachusetts School Building Authority (MSBA), chaired by State Treasurer Timothy Cahill, is an independent public authority created by Chapter 208 of the Acts of 2004.

The state established the School Modernization and Reconstruction Trust Fund to fund the MSBA capital program. Initial funding for the program consisted of $150 million transferred from the General Fund in 2004, and $1 billion of Commonwealth general obligation bonds, of which $500 million were issued in March 2005. The Treasurer issued the remaining $500 million at the end of September 2005.

The MSBA issued $2.5 billion of its own dedicated sales tax bonds in July of 2005. This bond issue will meet funding needs of between $1.5 billion to $2 billion by next year. A portion of the sales tax was paid to the MSBA in fiscal year 2005. The annual portion of the sales tax paid to the fund increases each year through 2011, when the Fund will receive a full one cent of the sales tax and each year thereafter.

The MSBA has completed the first phase of a two-part pilot program using independent local CPA firms to perform audits of projects funded by the School Building Assistance Program. The MSBA plans to complete audits of all priority wait list and contract assistance projects within 18 months.

In order to ensure transparency and public confidence in the school building program, the MSBA is seeking the active and participation of local communities in the audit process.

## Committee News & Updates

- Rep. Stephen Kulik, D-Turners Falls, has moved to the Committee on Health Care Financing. He has been replaced with Rep. Theodore C. Speliotis, D-Danvers.
- On Friday September 30, 2005, Governor Mitt Romney, Mayor Charles V. Ryan, and Massachusetts Convention Center Authority Executive Director, James E. Rooney opened the MassMutual Center in the city of Springfield.

The $71 million construction project improved the former Springfield Civic Center. The Center is now 147,000 square feet of new building and 215,000 square feet of renovated space. There is now a 15,000 square foot ballroom, kitchen, 40,000 square foot exhibit hall, support spaces, and meeting spaces.

The Joint Committee's predecessor, the Long Term Debt Committee, was instrumental in drafting Chapter 45 of the Acts of 2001 and Chapter 152 of the Acts of 1997, which provide special revenues for the financial support for the MassMutual Center, as well as the Boston Convention and Exhibition Center and other facilities in the state.

Some bills passed into law:

- Chapter 44 of the Acts of 2005 provides for the extension of capital accounts due to lapse. It was signed by Gov. Mitt Romney on June 28.
- Chapter 53 of the Acts of 2005 provides $100 million for the housing stabilization fund and $100 for the affordable housing trust fund. It was signed by Gov. Mitt Romney on July 28.

Joint Committee on Bonding, Capital Expenditures and State Assets

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*Mission of the Committee:*

*The joint committee on Bonding, Capital Expenditures and State Assets shall review all legislation providing for the giving, loaning or pledging of the credit of the Commonwealth (see Article LXII of the Amendments to the Constitution, as amended by Article LXXXIV). Said committee shall be responsible for evaluating such legislation and determining the appropriateness of enacting legislation containing increased bond authorization for the Commonwealth. The committee shall periodically review and hold open public hearings, accepting oral and written testimony on the status of the bonds and notes of the Commonwealth, including 1. general obligation debt; 2. dedicated income tax debt; and 3. special obligation debt.*

*"Money often costs too much."*
Ralph Waldo Emerson

## Members of the Committee, 2005-2006

Senator Mark C. Montigny (D- Second Bristol and Plymouth), Chair
Representative David L. Flynn (D- Bridgewater), Chair

Senator Brian A. Joyce (D-Norfolk, Bristol and Plymouth), Vice-Chair
Representative Benjamin Swan (D- Springfield), Vice Chair

Senator Cynthia Stone Creem (D-First Middlesex and Norfolk)
Senator Richard T. Moore (D-Worcester and Norfolk)
Senator Dianne Wilkerson (D- Second Suffolk)
Senator Michael R. Knapik (R- Hampden and Hampshire)
Representative Paul C. Casey (D- Winchester)
Representative William C. Galvin (D- Canton)
Representative Theodore C. Speliotis (D-Danvers)
Representative William M. Straus (D- Mattapoisett)
Representative Kathi-Anne Reinstein (D- Revere)
Representative Garrett J. Bradley (D- Hingham)
Representative Stephen R. Canessa (D- Lakeville)
Representative Susan W. Pope (R- Wayland)
Representative Karyn E. Polito (R- Shrewsbury)

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